

**5** NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up  
With 640 Acres Pooling Provision  
3 year lease for MULTIPLE LOTS

**PAID UP OIL AND GAS LEASE  
(No Surface Use)**

THIS LEASE AGREEMENT is made this 18<sup>th</sup> day of August, 2008, by and between **Bobby Cox Companies Inc, as Lessor (whether one or more), whose address is 4055 International Plaza Ste 450, Fort Worth, Texas 76109-4828, and DALE PROPERTY SERVICES L.L.C. 2100 Ross Ave Suite 1870 Dallas, Texas, 75201**, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

See "Exhibit A" attached hereto and by reference made a part hereof.

in the county of Tarrant, State of TEXAS, containing 11.6118 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Twenty-Five (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be Twenty-Five (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file or record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file or record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing or record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each

owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. Intentionally Deleted

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. Intentionally Deleted

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period

14. Intentionally Deleted

15. If Lessor is in default in the payment of any taxes, mortgages or other indebtedness which is secured by a lien on the leased premises, including the mineral estate leased hereunder, upon 30 days prior written notice to Lessor, Lessee at Lessee's option may pay and discharge any such taxes, mortgages or other indebtedness; provided, however, that if Lessee discovers the default within 30 days of a foreclosure sale, Lessee will only be required to give 5 days prior written notice. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

**DISCLAIMER OF REPRESENTATIONS:** Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

**There are additional provisions set forth on the Addendum attached hereto and incorporated herein for all purposes**

**IN WITNESS WHEREOF**, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

**LESSOR (WHETHER ONE OR MORE)**

**BOBBY COX COMPANIES, INC.**

Signature: Bobby D. Cox

Signature: \_\_\_\_\_

Printed Name: Bobby D. Cox

Printed Name: \_\_\_\_\_

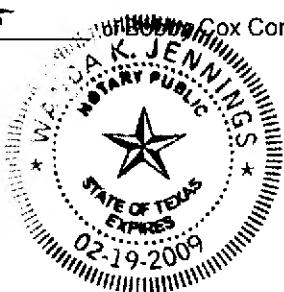
Title: \_\_\_\_\_

Title: \_\_\_\_\_

President

STATE OF TEXAS  
COUNTY OF Tarrant

This instrument was acknowledged before me on the 18<sup>th</sup> day of August, 2008, by Bobby D. Cox as  
President of Bobby Cox Companies, Inc., a Texas corporation, on behalf of said corporation.



Linda K. Jennings  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

**CORPORATE ACKNOWLEDGMENT**

STATE OF TEXAS  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ as  
of Bobby Cox Companies, Inc., a Texas corporation, on behalf of said corporation.

Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

## Exhibit A

THIS LEASE AGREEMENT is made this 18<sup>th</sup> day of August, 2008, by and between Bobby Cox Companies Inc, as Lessor (whether one or more), whose address is 4055 International Plz Ste 450, Fort Worth, Texas 76109- 4828, and DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Texas 75201, as Lessee.

4.681 acres, being Lot(s) 1A & 2B, Block 1 of the Gulf States Subdivision, an addition to the City of Fort Worth, Texas, more particularly described by metes and bounds in that certain Plat recorded in Volume 388-66, Page 25 of the Plat Records. Tarrant County, Texas.

3.5236 acres, being Lot(s) 1A, Block 1 of the Standard Meat Company Addition, an addition to the City of Fort Worth, Texas, more particularly described by metes and bounds in that certain Plat recorded in Volume 388-58, Page 846 of the Plat Records. Tarrant County, Texas.

0.482 acres, being Lot(s) 2, Block 1 of the Standard Meat Company Addition, an addition to the City of Fort Worth, Texas, more particularly described by metes and bounds in that certain Plat recorded in Volume 388-114, Page 881 of the Plat Records. Tarrant County, Texas.

0.4724 acres, being A1056 Tr 232A of the Atkin McLemore Survey, an addition to the City of Fort Worth, Texas, more particularly described by metes and bounds in that certain Deed recorded in Volume 10968, Page 1433 of the Deed Records. Tarrant County, Texas.

0.4528 acres, being A 1056 Tr 233A01 of the Atkin McLemore Survey, an addition to the City of Fort Worth, Texas, more particularly described by metes and bounds in that certain Deed recorded in Volume 10968, Page 1433 of the Deed Records. Tarrant County, Texas.

Said Lands are hereby deemed to contain 11.6118 acres, more or less.

**ADDENDUM**  
To Oil and Gas Lease

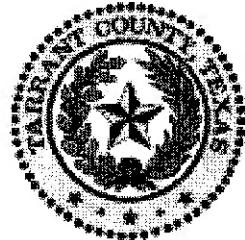
Notwithstanding anything in this Lease to the contrary:

1. **Minerals Leased.** This Lease is limited to oil, gas and other hydrocarbons and substances normally associated with the production of oil and gas, but this lease does not include gravel, uranium, fissionable materials, coal, lignite or any hard minerals or substances of any type which shall be produced from the leased premises. Lessee shall not use ground water in its operations whether under the leased premises or adjacent lands. The leased premises will include all adjoining strips, gores, streets, easements and alleys in which Lessor owns the minerals.
2. **Surface Waiver.** Notwithstanding anything herein to the contrary, Lessee shall not use the surface of all or any portion of the leased premises, whether under the Lease or otherwise, including, without limitation, use of the surface of the leased premises to explore, drill or mine for, produce, store, process, market and transport any oil, gas or other minerals conduct seismic or ingress and egress without the prior written consent of Lessor (which consent can be withheld in Lessor's sole discretion). This waiver shall not be considered as a waiver, release or relinquishment by Lessee of any right, title or interest of Lessee in the oil and gas on or under, or that may be produced from the leased premises or an portion thereof (whether under the Lease or otherwise), except as to the surface use rights incident thereto for which consent to use is not given by Lessor as provided above.
3. **Primary Term.** The primary term of this Lease shall be for three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof. The primary term may be extended for an additional two (2) years by paying Lessor a bonus of \$20,000 per acre.
4. **Paying Quantities/Operations/Commencement.** As used in this Lease the term: (i) "paying quantities" means revenue from the sale of production from a well sufficient to return a profit, after deduction of royalties, overriding royalties and production taxes, over and above all direct operating costs, but not including capital costs or district office overhead not directly attributable to the leased premises, for any consecutive twelve (12) month period; (ii) "operations" means any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back, or repairing of a well in search of or in the endeavor to obtain production of oil or gas; and (iii) "commencement" of operations means actual drilling by the penetration of the surface with a drilling rig capable of drilling to the anticipated total depth of the well. After a well is commenced, drilling operations must continue in a good and workmanlike manner in a good faith effort to reach the anticipated total depth with no cessation of operations for more than 60 consecutive days. A well will be deemed to have been completed on the date of the release of the drilling rig from the drillsite. The permitted time between wells shall be cumulative so that if a well is commenced prior to the date it is required to be commenced, the number of days prior to the date on which the well should have been commenced shall be added to the time permitted for the next well.
5. **Royalties.** For purposes of calculating Lessor's royalty, "proceeds received" will be proceeds received, not at the wellhead, in an arm's length, third party contract. It is agreed between the Lessor and Lessee, that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, notwithstanding anything contained herein to the contrary, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancements, and the enhancements were provided under an arm's length, third party contract. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee. Annual shut-in royalty will be \$100.00 per well. After the expiration of the primary term, Lessee shall not have the right to continue this Lease in force by payment of shut-in royalty for more than one single period of two years or three years in the aggregate of shut-in periods during a five year period.
6. **Pooling / Unitization.** All of the leased premises will be included in one or more pooled units prior to the end of the primary term, and failure to do so will cause termination of this Lease. The entire leased premises must thus be producing in paying quantities or deemed to be producing in paying quantities by virtue of payment of shut-in royalties in order to extend the term of this Lease. Lessee's right to pool under this Lease shall be units three hundred twenty (320) acres or more plus the acreage permitted by the "Additional Acreage Assignment" based upon "Horizontal Drainhole Displacement" for Horizontal Wells as provided in Texas Railroad Commission Statewide Rule 86. In the event the Railroad Commission of Texas (or other governmental authority having jurisdiction) requires, as opposed to permits, larger units in order to obtain the maximum production allowable, then the foregoing unit limitations may be enlarged only to the extent to obtain such full allocation.
7. **Acreage Retained.** This Lease shall continue in force and effect after the primary term or any extension of such primary term as permitted by continuous drilling operations being conducted at the end of the primary term as allowed in this Lease, only as to: (i) that portion of the leased premises actually included at that time in a producing oil or gas unit, if Lessee is not required to pool or unitize all of the leased premises under the terms of this Lease, (ii) all rights lying below one hundred (100) feet below either (1) the deepest depth drilled in any well drilled on the leased premises or on lands pooled therewith, or (2) the stratigraphic equivalent of the base of the deepest formation producing or capable of producing in any well drilled on the leased premises or on lands pooled therewith, whichever is the deepest; and (iii) all rights lying above the top of the stratigraphic equivalent of the shallowest formation producing or capable of producing in any well drilled on the leased premises or on lands pooled therewith.. This Lease shall terminate by its terms as to all portions of the leased premises and depths not actually included in such producing unit or units.
8. **No Warranty.** This lease is made by Lessor without express or implied warranty or covenant of title. All warranties which might arise by common law or by statute, including but not limited to § 5.023 of the Texas Property Code (or its successor) are excluded.
9. **Indemnity.** TO THE MAXIMUM EXTENT PERMITTED BY LAW, LESSEE WILL INDEMNIFY, DEFEND AND HOLD LESSOR HARMLESS FROM ANY AND ALL CLAIMS, LIABILITIES, DEMANDS, SUITS, LOSSES, DAMAGES AND COSTS (INCLUDING WITHOUT LIMITATION ANY ATTORNEY FEES) CAUSED BY LESSEE'S OR ITS CONTRACTOR'S OR SUBCONTRACTOR'S ACTIVITIES INCLUDING, WITHOUT LIMITATION, ANY CLAIMS THAT LESSEE'S OPERATIONS THEREUNDER ARE EITHER ILLEGAL, UNAUTHORIZED OR CONSTITUTE AN IMPROPER INTERFERENCE WITH ANY THIRD PARTIES' RIGHTS, OR HAVE DAMAGED THE LANDS OR OPERATIONS OF ADJACENT LANDOWNERS. THIS INDEMNITY SHALL NOT BE APPLICABLE TO DAMAGES RESULTING FROM LESSOR'S NEGLIGENCE OR WILLFUL MISCONDUCT.

10. Insurance

- (a) To protect Lessor against liability, loss or expense arising from damage to property or injury to any person arising out of, in connection with or resulting from the exercise of its rights and privileges under this Lease, Lessee agrees during the term of the Lease to carry, at its own expense, with insurance companies reasonably acceptable to Lessor and authorized to do business in the State of Texas, the following insurance coverages. It is expressly understood and agreed that all such insurance required of Lessee by this Paragraph shall be primary to and non-contributory with other insurance issued directly to Lessor.
  - (1) Workers' Compensation and Employers Liability Insurance with limits of \$500,000 to cover and include any liability (up to the maximum recoverable under applicable statutes) under or for the workers' compensation laws of the State of Texas, including provisions that claims in rem will be treated as in personam;
  - (2) Automobile Liability covering all owned, non-owned and leased vehicles with a combined single limit of \$1,000,000 for Bodily Injury and Property Damage;
  - (3) Commercial General Liability Insurance, including Contractual Liability, Products-Completed Operations Liability and Personal and Advertisement Liability, with a combined single limit of one million dollars (\$1,000,000);
  - (4) Umbrella Liability Insurance with a limit of ten million dollars (\$10,000,000) per occurrence, which applies excess of all underlying coverages required in Paragraphs (a)(1), (2) and (3).
  - (5) Pollution and CleanUp Liability Insurance with a limit of ten million dollars (\$10,000,000); and
  - (6) Well Control Insurance with a limit of ten million dollars (\$10,000,000).
- (b) All insurance policies shall:
  - (1) Provide for thirty (30) days prior written notice to Lessor of the cancellation, expiration or reduction of coverage under, or a material change in, any policy;
  - (2) Contain waivers of subrogation and right of recovery by Lessee's insurance underwriters against Lessor for injuries, death, losses or damages covered by those policies;
  - (3) Secure for Lessor the status of additional insured under the policies (except workers compensation); and
- (c) Upon request, Lessee shall furnish Lessor with Lessee's certificates of insurance evidencing the above described coverages, which certificate(s) must show the names of all of Lessee's insurance companies, all policy numbers, effective and expiration dates of all insurance policies and the required limits. Thereafter, Lessee shall provide its certificates of insurance prior to the expiration of previously certificated insurance coverage. In lieu of providing its certificates of insurance, Lessee may provide copies of applicable insurance policies. The certificates(s) of insurance must be modified to required thirty (30) days notice of cancellation to Lessor.
- (d) To the extent that any of the insurance requirements of this Section are not evidenced by Lessee's certificates of insurance, Lessee represents and warrants that the requirements are nonetheless fulfilled by the applicable policies of insurance.
- (e) All insurance requirements may be met by a combination of self-insurance, primary and excess policies.

11. Offset Wells. In the event an offsetting well producing oil or gas is completed on adjacent or nearby land and is draining the leased premises, or land pooled therewith Lessee must, within sixty (60) days after the initial production from the offsetting well, commence operations for the drilling of an offset well on the leased premises, or land pooled therewith, and must diligently pursue those operations to the horizon in which the offsetting well is producing, or pay Lessor as a royalty each month a sum equal to the royal that that would be payable under this Lease if the production from the offsetting well had come from the leased premises, or land pooled therewith. A producing well located within 330 feet of the leased premises, or land pooled therewith, shall be conclusively presumed to be draining the leased premises, or land pooled therewith.



DALE RESOURCES LLC  
2100 ROSS AVE STE 1870 LB-9

DALLAS TX 75201

Submitter: DALE RESOURCES LLC

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 09/03/2008 08:37 AM

Instrument #: D208341946

LSE 6 PGS \$32.00

By: 



**D208341946**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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